

## Department of Law

### Updated JUDGMENTS/CLAIMS FOR PAYMENT

(Revised 11/15/17)

1. Case Name: *State of Alaska v. Williams Alaska Petroleum, Inc. et al*
2. Case Number: 4FA-14-01544 CI, 4FA-10-01123 CI CONSOLIDATED
3. Date Judgment entered: Settlement finalized on February 6, 2017 resolving claims among State, City of North Pole and Flint Hills Resources Alaska, LLC
4. Did the date of the cause of action accrue on or after August 7, 1997?

Accrued after August 7, 1997.

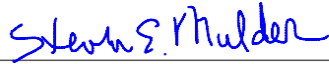
5. Amount to be paid: State's portion of interim funding is 20% of a piped water system to be engineered and constructed 2017-2019; total project cost capped at \$100 million. . Last session, the legislature appropriated to DEC the amount projected for the State's share for FY 2017 and FY 2018- the sum of \$5.74 million - with the proviso that 0.5% would be available for DEC's costs of administration. The request for FY 2019 is for \$14,360,000 - the balance of the State's 20% of the piped water project interim funding obligation plus 0.5% for DEC administrative costs.

Total maximum state share	20,000,000
FY17 appropriation	<u>(5,740,000)</u>
Remaining portion of max	
State share	14,260,000
DEC Admin cost \$ (0.5% of	
\$20m)	100,000
<b>Amount needed in FY19</b>	<b>14,360,000</b>

6. Interest Rate: Applicable Alaska statutory rate in the event other parties advance any portion of State funding obligations. Effective Date: TBD
7. Payable to: Joint Escrow with Wells Fargo for settlement project funding.  
Account name and number:  
Flint Hills/City of North Pole  
77290800  
C/O Department of Environmental Conservation
8. EIN: or SSN:

9. Send check to: Above Wells Fargo Escrow  
C/O Department of Environmental Conservation

Departmental contact



Name Steven Mulder

(907) 465-3600

Telephone Number

Departmental Approval

  
**Deputy Attorney General**

March 15, 2017

Date

\*\*This form will be used for the purpose of standardizing the submission of claims and will expedite the payments to the claimants, thereby reducing the amount of lost interest to the state. If any of the information changes, please advise the Deputy Director, Administrative Services Division, P.O. Box 110300, Juneau, AK 99811, or call (907) 465-3676 as soon as any changes are known.

## **Judgment Award Questionnaire**

The following information needs to be provided on all judgment awards made against the state. This information is used to respond to legislative questions concerning the annual supplemental request. (Use additional pages if necessary)

Case Name: *State of Alaska v. Williams Alaska Petroleum, Inc. et al*

Case No.: 4FA-14-01544 CI, 4FA-10-01 123 CI Consolidated

1. Describe the circumstances or events resulting in this case and ultimately this judgment against the state.

The State of Alaska Department of Natural Resources leased land to Williams Alaska Petroleum, Inc. for oil refinery in North Pole Alaska in 1970s. Williams operated the refinery until it sold the refinery to Flint Hills Resources, LLC in 2004. Refinery operations by Williams and Flint Hills resulted in soil and ground water contamination, including a large sulfolane groundwater plume that contaminated the drinking water aquifer beyond the refinery property impacted drinking water wells of several hundred residents.

The State brought suit against Williams and Flint Hills in 2014, seeking environmental costs and damages. The companies counterclaimed against the State due to its role as landowner during the Williams tenure.

The four parties to the litigation – the City of North Pole, the State, Flint Hills and Williams – attempted a mediation of the case in July 2016. Williams is a holdout, unwilling to participate in a solution to the contaminated drinking water aquifer. The City, the State and Flint Hills continued to negotiate a settlement that provides for construction of a piped water system expansion from the City's system to provide clean drinking water to the residents impacted by the sulfolane plume. Under the settlement, Flint Hills will fund 80% and the State will fund 20% of the piped water system project costs on an interim funding basis while parties pursue their litigation against Williams.

2. Describe issues of state policy or law involved in this case, if they are relevant to and resulted in substantial effort and expense for the department to bring or defend this case.

The State's case sought costs and damages under the State's environmental laws for releases of contamination to soil and groundwater. No other state policies or law was at issue.

3. Did the state prevail on any issues? If so, describe.

Not yet. Dispositive motions against Williams are still pending (yet undecided) in the remaining case against Williams.

4. Did we challenge plaintiffs' request for costs and fees or in other ways seek to reduce the costs to the state? If so, describe to what extent we were successful.

Not applicable.

5. Any recommendations concerning cases of this type in the future?

Negotiate stronger environmental provisions in State land leases.

Attorney completing form: Steve Mulder      DATE: March 13, 2017